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FORM 10-Q



SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

162

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES AND EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

62-059

OR

() TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES AND EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 0-17034

USA WASTE SERVICES, INC.
(Exact name of registrant as specified in its charter)

Oklahoma
(State or other jurisdiction of
incorporation or organization)

73-1309529
(I.R.S. Employer
Identification No.)

5000 Quorum Drive
Suite 445
Dallas, Texas 75240
(Address of principal executive off:)

PROCESSED BY
16 16 89
MAY 15 1992

(214) 233-4212 Microfilmed by
(Registrant's telephone number, including area code) Q-Data Corp. - St. Petersburg, FL

No Change
(Former name, former address, and former fiscal year, if changed
since last report)

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Indicate by check mark whether the registrant (1) has filed
all reports required to be filed by Section 13 or 15(d) of the
Securities Exchange Act of 1934 during the preceding 12 months (or
for such shorter period that the registrant was required to file
such reports), and (2) has been subject to such filing requirements
for the past 90 days.

Yes X No _____

Indicate the number of share outstanding of each of the
issuer's classes of common stock as of March 31, 1992:

Common Stock \$.01 par value 10,559,354

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USA WASTE SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	MARCH 31, 1992	DECEMBER 31, 1991
ASSETS	(Unaudited)	
Current assets:		
Cash and cash equivalents	\$3,938,059	\$3,909,716
Accounts receivable, net	5,267,403	3,075,285
Prepaid expenses and other	1,706,632	552,679
Total current assets	10,912,094	7,537,680
Note receivable	980,155	980,155
Due from related parties	1,922,249	1,892,584
Property and equipment, net of accumulated depreciation and amortization	43,936,507	33,069,169
Excess of cost over net assets of acquired businesses, net	17,976,950	11,891,142
Other assets	5,906,525	4,226,807
Total	\$81,634,480	\$59,597,537
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$3,039,477	\$1,861,655
Accrued liabilities	2,494,000	1,179,319
Deferred revenues	946,502	591,207
Current maturities of notes payable and term obligations	1,297,965	1,024,642
Total current liabilities	7,777,944	4,656,823
Notes payable and term obligations	27,503,413	22,847,082
Deferred revenues and other liabilities	987,839	988,888
Deferred income taxes	2,163,666	408,525
Minority interest	2,657,622	0
Total liabilities	41,090,484	28,901,318
Stockholders' equity:		
Preferred stock, \$.01 par value:		
10,000,000 shares authorized; 374,102 shares outstanding; liquidation preference, \$5,050,000	3,741	3,741
Common stock, \$.01 par value, 50,000,000 shares authorized, 10,599,354 and 9,908,151 shares issued and outstanding	105,993	99,081
Additional paid-in capital	36,683,812	28,376,523
Retained earnings	3,750,450	2,216,874
Total stockholders' equity	40,543,996	30,696,219
Total	\$81,634,480	\$59,597,537

USA WASTE SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended March 31,	
	1992	1991
Revenues:		
Operating	\$10,064,671	\$3,122,959
Other	138,988	57,391
	<u>10,203,659</u>	<u>3,180,350</u>
Costs and expenses:		
Operating	4,537,458	1,097,036
General and administrative	1,656,147	667,661
Depreciation and amortization	827,697	259,650
Interest	728,288	76,859
	<u>7,749,590</u>	<u>2,101,206</u>
Income before minority interest and provision for income taxes	2,454,069	1,079,144
Provision for income taxes	857,312	319,091
	<u>1,596,757</u>	<u>760,053</u>
Income before minority interest		
Minority interest	63,181	-
	<u>\$1,533,576</u>	<u>\$760,053</u>
Net income	=====	=====
Net income per share	\$0.14	\$0.09
	=====	=====
Weighted average number of common and common equivalent shares outstanding	11,349,467	8,816,644
	=====	=====

USA WASTE SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(Unaudited)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings
	Shares	Amount	Shares	Amount		
Balance, December 31, 1991	374,102	\$3,741	9,908,151	\$99,081	\$28,376,523	\$2,216,874
Stock options exercised			45,825	458	109,560	
Conversion of subordinated notes to common stock			199,494	1,995	2,691,189	
Shares issued in acquisitions			445,884	4,459	5,506,540	
Net income						1,533,576
Balance, March 31, 1992	374,102	\$3,741	10,599,354	\$105,993	\$36,683,812	\$3,750,450

USA WASTE SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	FOR THE THREE MONTHS ENDED MARCH 31,	
	1992	1991
Cash flows from operating activities:		
Net income	\$1,533,576	\$760,053
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority interest	63,181	-
Pooling adjustment	-	(567,502)
Depreciation and amortization	827,067	259,650
Deferred income taxes	568,347	-
Net (gain) on disposal of assets	(493)	-
Change in assets and liabilities, net of effects of business acquisitions:		
(Increase) in due from related parties	(29,666)	-
(Increase) in accounts receivable	(435,047)	(133,097)
(Increase) in prepaid expenses and other	(793,622)	(67,353)
Decrease (increase) in other assets	420	(177,746)
Increase (decrease) in accounts payable and accrued liabilities	(203,947)	166,666
Increase (decrease) in deferred revenues and other liabilities	354,246	(312,838)
Net cash provided by (used in) operating activities	1,874,993	(63,227)
Cash flows from investing activities:		
Acquisitions of businesses, net of cash acquired	(8,205,045)	-
Capital expenditures	(561,868)	(2,447,525)
Acquisition of other assets	-	(128,488)
Proceeds from sale of assets	11,000	-
Net cash used in investing activities	(8,755,913)	(2,575,993)
Cash flows from financing activities:		
Proceeds from issuance of notes payable and term obligations	7,029,927	974,891
Principal payments on notes payable and term obligations	(230,062)	(217,830)
Proceeds from exercise of stock options	110,018	100,405
Net cash provided by financing activities	6,909,883	857,466
Increase (decrease) in cash and cash equivalents	28,343	(1,781,754)
Cash and cash equivalents at beginning of period	3,909,716	2,325,878
Cash and cash equivalents at end of period	\$3,938,059	\$544,124

UBA WASTE SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(Continued from previous page)

FOR THE THREE MONTHS
ENDED MARCH 31,

	1992	1991
Supplemental cash flow information:		
Cash paid during the period for:		
Interest	\$655,489	\$76,859
Supplemental disclosure of non-cash investing and financing activities:		
Acquisition of property and equipment through capital leases	\$ -	\$174,257
Conversion of subordinated notes	2,693,184	
Acquisitions of businesses:		
Assets acquired	\$22,067,128	
Liabilities assumed	(4,478,538)	
Common stock issued	(5,510,999)	
Debt incurred	(2,834,441)	
Cash paid	9,245,150	
Less cash acquired	(1,040,105)	
Net cash paid	\$8,205,045	

USA WASTE SERVICES, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

The consolidated balance sheet as of March 31, 1992, and the related consolidated statements of income, stockholders' equity and cash flows for the three months ended March 31, 1992 and 1991 are unaudited; in the opinion of management, such financial statements reflect all adjustments, consisting only of normal recurring adjustments, necessary to a fair statement of the results of the interim periods presented.

The financial statements included herein should be read in connection with the Company's Consolidated Financial Statements and related notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1991.

NOTE 1 - BUSINESS ACQUISITIONS:

During the first quarter of 1992 the Company acquired four collection businesses as set forth below:

<u>Company</u>	<u>Month Acquired</u>	<u>Purchase Price</u>		
		<u>Total</u>	<u>Cash and Debt</u>	<u>Common Shares</u>
Freeding-Skokie Roll-Off Services, Inc. and North Suburban Disposal Corp.	January	\$1,763,000		140,321
Ace Disposal Service, Inc.	February	2,813,000	365,000	204,000
Best Pak Disposal, Inc. (55% interest)	February	8,776,000	7,501,000	100,000
		-----	-----	-----
Total		\$13,352,000	\$7,866,000	444,321
		-----	-----	-----

The acquisitions have been accounted for as purchases and, accordingly, the results of operations of the acquired businesses have been included in the Company's consolidated financial statements from their respective dates of acquisition.

Funds for these acquisitions were provided by the Company's revolving credit agreement, available working capital, and a new \$3,500,000 subordinated note financing.

The total of acquisition costs exceeded the fair value of the net assets acquired and is being amortized over twenty-five years based on a straight-line basis. The fair values of the assets acquired are summarized below (in thousands of dollars):

Current assets	\$3,157
Property and equipment	10,955
Other assets	1,843
Excess of cost over net assets acquired	6,112
Less:	
Liabilities assumed	<6,121>
Minority interest	<2,594>
Total	\$13,352
	=====

Unaudited consolidated pro forma results of operations for each of the three months ended March 31, 1992 and 1991 as if the aforementioned business acquisitions were included from the beginning of both interim periods are set forth below (in thousands, except per share amounts):

	Three months ended March 31.	
	<u>1992</u>	<u>1991</u>
Revenues	\$13,110 =====	\$ 8,308 =====
Net income	\$ 1,677 =====	\$ 995 =====
Net income per share	\$ 0.15 =====	\$ 0.11 =====

NOTE 2 - DEBT CONVERSION:

In March 1992 the Company issued 199,494 shares of its common stock in exchange for \$2,693,184 of 13% Subordinated Notes due 1996.

ITEM 2. MANAGEMENTS DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion reviews the Company's operations for the three months ended March 31, 1992 and 1991, and should be read in conjunction with the Company's Consolidated Financial Statements and related notes thereto included elsewhere herein, as well as the Company's Consolidated Financial Statements and related notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1991.

Introduction

Prior to mid-1990, when current management became involved with the Company, the Company's operations consisted of one solid waste landfill, two transfer stations, and a small collection operation based near Oklahoma City, Oklahoma. Since that time, the Company has made eleven acquisitions and expanded its base of operations to several locations nationwide. The majority of the changes in the Company's financial condition and results of operations for the periods discussed herein relate to the business acquisitions made by the Company and the various financings arranged in connection with such acquisitions.

The Company's revenues consist primarily of fees charged for its collection and disposal services. Revenues for collection services include fees from residential, commercial, industrial, and municipal collection customers. A portion of these fees are billed in advance; a liability for future service is recorded upon receipt of payment and revenues are recognized as services are actually provided. Fees for residential services are normally based on the type and frequency of service. Fees for commercial and industrial services are normally based on the type and frequency of service and the volume of solid waste collected.

The Company's revenues from its landfill operations consist of disposal fees (known as tipping fees) charged to third parties and are normally billed monthly. Tipping fees are based on the volume or weight of solid waste being disposed of at the Company's landfill sites. In Oklahoma, solid waste is often deposited at the Company's transfer stations where it is loaded into larger trucks and transported to the Company's nearby landfill for disposal. Fees are charged at the transfer station based on the volume of solid waste deposited, taking into account the Company's cost of loading, trucking, and disposing of the solid waste at its landfill. Intercompany revenues between the Company's landfill and collection operations have been eliminated in the financial statements presented herein.

The following table sets forth for the periods indicated, the estimated percentages of the Company's operating revenues represented by the solid waste management services that accounted for more than 10% of the Company's revenues for such periods:

	Three months ended	
	March 31.	
	1992	1991
Disposal	26%	59%
Waste Collection	69%	40%

The Company believes that an optimum revenue mix would be approximately 60% waste collection revenues and 40% disposal revenues. However, depending on the availability and timing of acquisitions of collection operations and landfills the actual revenue mix may from time to time fluctuate from this goal.

Operating expenses include direct and indirect labor and the related taxes and benefits, fuel, maintenance and repairs of equipment and facilities, tipping fees paid to third party landfills, certain landfill fees and taxes, and accruals for future landfill closure costs. Certain direct landfill development expenses are capitalized and depreciated over the estimated useful life of the site, and include acquisition, engineering, upgrading, construction, and permitting costs. All indirect development expenses, such as administrative salaries and general corporate overhead, are expensed in the period when incurred.

General and administrative costs include management salaries, clerical, and administrative costs, professional services, facility rentals, and related insurance costs, as well as costs related to the Company's marketing and sales force.

The following table presents, for the periods indicated, the percentage relationship which the various Consolidated Statements of Income items bear to total revenues:

	Three Months Ended March 31,	
	1992	1991
Revenues	100%	100%
Costs and expenses:		
Operating	44.5	34.5
General and administrative	16.2	21.0
Depreciation and amortization	8.1	8.2
Interest	7.1	2.4
	----	----
Total costs and expenses	75.9	66.1
	----	----
Income before minority interest and income taxes	14.1	33.9
Provision for income taxes	8.4	10.0
Minority interest	0.6	--
	----	----
Net income	15.1%	23.9%
	=====	=====

Results of Operations for the Interim Periods Ended March 31, 1992 and 1991

Revenues

Total revenues for the three months ended March 31, 1992 were \$10,203,659, representing an increase of approximately \$7.0 million, or 22%, from 1991. Approximately \$6,265,000, or 89%, of the increase was the result of business acquisitions and approximately \$758,000, or 11%, resulted from internal growth.

Revenues at the Company's Countryside landfill increased \$294,000, or 17%, over the first three months of 1991, reflecting an increase in disposal volumes and tipping fees. The Company also experienced an increase in revenues of \$287,000, or 44%, in 1992 at its Ellis County, Texas operations. This increase was primarily attributable to (1) new collection contracts, (2) price increases for its collection services, and (3) an increase in disposal volumes and tipping fees at its Ellis County landfill.

Operating Costs and Expenses

For the three months ended March 31, 1992 operating costs and expenses of \$4,537,458 increased approximately \$3,440,000, or 314%, as compared to the corresponding period of 1991. Business acquisitions resulted in an increase in operating costs and expenses of \$3,624,000 while existing operations of the Company reflected a decrease of \$186,000 in the first quarter of 1992 as compared to the same period of 1991. The principal reason for this decline is represented by a reduction of \$111,000 in operating costs and expenses at the Company's Countryside landfill due to better utilization of labor and equipment during the first three months of 1992 versus the comparable period of 1991.

Operating costs and expenses as a percentage of revenues increased from 44.5% for the first quarter of 1992 as compared to 34.5% for the quarter ended March 31, 1991. This increase results from a change in the Company's revenue mix to a larger percentage of its revenues being generated from collection operations. Waste collection revenues for the first quarter of 1992 were approximately 69% of total revenues as compared to 40% for the comparable period of 1991. Operation costs and expenses as a percentage of total revenues tend to be higher for collection operations than for disposal operations.

General and Administrative

General and administrative expenses of \$1,655,844 for the first three months of 1992 increased \$988,000, or 148% over the same period of 1991. Business acquisitions accounted for \$875,000 of the increase, while existing operations reflected an increase of \$183,000. This increase was primarily the result of additional corporate staff and expenses necessary to manage the Company's rapid growth.

General and administrative costs and expenses as a percentage of revenues declined from approximately 21% in the first quarter of 1991 to 16% in the comparable quarter of 1992, as the Company was able to increase revenues (principally through acquisitions) without a corresponding percentage increase in overhead costs and expenses.

Depreciation and Amortization

Depreciation and amortization expense increased from \$259,650 in the first quarter of 1991 to \$827,697 in the comparable quarter of 1992, reflecting an increase of \$568,047, or 219%. Business acquisitions accounted for \$447,000 of this increase, while existing operations reflected an increase of \$121,000, primarily resulting from additional equipment necessary to service the Company's contracts.

Depreciation and amortization expense as a percentage of revenues remained basically unchanged at approximately 8% for both the first quarters of 1992 and 1991.

Interest

Interest expense increased significantly to \$728,288 for the first three months of 1992 as compared to only \$76,859 for the comparable period of 1991, an increase of approximately 848%. This large increase results from the growth in the Company's indebtedness which was incurred to finance the Company's accelerated growth through business acquisition and capital expenditures. Notes payable and term obligations were \$28,801,378 at March 31, 1992, as compared to only approximately \$5,500,000 at March 31, 1991.

Liquidity and Capital Resources

At March 31, 1992 the Company had working capital of \$3,134,150 and its cash balance was \$3,938,059 which is comparable to December 31, 1991 working capital of \$2,880,857 and a cash balance of \$3,909,716. During the three months ended March 31, 1992, the Company generated net cash from operations of approximately \$1,875,000 and provided net cash from financing activities of approximately \$6,909,000. These funds were used principally in business acquisitions (\$8,205,000) and capital expenditures (\$561,000).

The Company's recent acquisition activity in late 1991 and the first quarter of 1992 has significantly reduced the remaining available funds under the Company's revolving credit facility (approximately \$1,400,000 available at May 11, 1992). Management believes that the remaining amounts available under its credit facility, together with cash on hand and anticipated cash from operations will be sufficient to fund the Company's cash requirements for the balance of 1992, including estimated capital expenditures of approximately \$4.0 million.

The Company's business plan is to grow through acquisitions as well as development projects. The Company has issued equity securities in business acquisitions where appropriate and expects to do so in the future. Furthermore, the Company's future growth will depend greatly upon its ability to raise additional capital. Management believes that it can arrange the necessary financing required to accomplish its business plan; however, to the extent the Company is not successful in its future financing strategies the Company's growth could be limited.

Impact of Inflation and Seasonality

To date inflation has not had a significant impact on the Company's operations. The majority of the Company's contracts contain a cost adjustment formula based on published price indices that provide for automatic periodic adjustments of fees to cover certain cost increases. Consequently, the Company believes that it should be able to pass through to its customers most cost increases resulting from inflation. However, competitive factors could require the Company to absorb at least a portion of these cost increases, particularly during periods of high inflation. Because the volumes of certain types of waste, such as yard clippings and construction debris, tend to be higher in the spring and summer, the Company experiences seasonal variations in its revenue. As a result, during spring and summer, the Company's revenues tend to be higher than its revenues in fall and winter.

PART II. OTHER INFORMATION

Item 1 - LEGAL PROCEEDINGS

There have been no changes in the status of legal proceedings since the filing of the Form 10-K as of December 31, 1991.

Item 6 - EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

(1) Exhibit I - Computation of Earnings Per Share

(b) Reports on Form 8-K:

Current report on Form 8-K dated February 28, 1992, reporting on Item 2 - Acquisition or Disposition of Assets; Item 5 - Other Events; and Item 7 - Financial Statements and Exhibits.

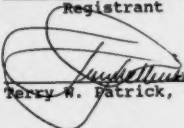
SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

USA WASTE SERVICES, INC.
Registrant

5/13/92
Date

BY:


Terry W. Patrick, President

5-13-92
Date

BY:

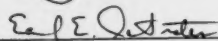

Earl E. DeFrates,
Vice President - Finance,
Chief Financial Officer

EXHIBIT I

**USA WASTE SERVICES, INC.
COMPUTATION OF EARNINGS PER SHARE
(UNAUDITED)**

	Three Months Ended	
	<u>March 31,</u>	
	<u>1992</u>	<u>1991</u>
Net income for the period	\$ 1,533,576	\$ 760,050
	=====	=====
Primary shares:		
Weighted average		
shares outstanding	10,260,952	8,471,632
Common stock equivalents (1)	<u>1,088,515</u>	<u>345,012</u>
Total	11,349,467	8,816,644
	=====	=====
Earnings per share (2)	\$.14	\$.09
	=====	=====

- (1) Common stock equivalents were determined based on the "Treasury Stock Method" as set forth in Accounting Principles Board Opinion No. 15.
- (2) Fully diluted earnings per share computations are not set forth, inasmuch as the result for the three months ended March 31, 1992, was anti-dilutive due to the lower market value of the Company's common stock at the end of the quarter when compared to the average market price during the quarter. The fully diluted share computations for the three months ended March 31, 1991, were the same as the primary share computations set forth above.